

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1767-02
Bill No.: HB 818
Subject: Motor Vehicles; Licenses - Misc; Licenses - Motor Vehicle; Merchandising Practices
Type: Original
Date: March 22, 2011

Bill Summary: This proposal modifies provisions relating to motor vehicle dealers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Motor Vehicle Commission Fund	\$1,625	\$1,950	\$1,950
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,625	\$1,950	\$1,950

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri State Highway Patrol, Department of Administration - Administrative Hearing Commission, Office of Prosecution Services, and the Department of Insurance, Financial Institutions and Professional Registration** state this proposed legislation will have no fiscal impact on their respective agencies.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

Officials from the **Department of Corrections (DOC)** state that DOC's MO Vocational Enterprises (MVE) manufacturers license plates for statewide vehicle use. This proposal states that dealer plates could be issued to cover a period of up to two years. These plates are currently issued every year. This could possibly reduce the amount of license plate metal sheeting purchased by up to one half. Manufacturing fewer plates would cause smaller sheeting orders which in turn increases the price of sheeting due to volume price breaks that are no longer met. This in turn will likely cause an increase in the per plate price. MVE is reimbursed for their actual manufacturing cost but the consumer may see the increase.

§301.069.5, 301.280.6, 301.425, & 301.567.4

Penalty provisions, the component of the proposal to have potential fiscal impact for DOC, is for

ASSUMPTION (continued)

up to a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY10 average of \$3.92 per offender, per day or an annual cost of \$1,431 per offender).

In summary, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of the State Public Defender (SPD)** cannot assume existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with the proposed new crime regarding revoked license plates and failure to surrender a fraudulent license plate or licence plate tab. While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional appropriations for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases.

Oversight assumes the Office of the State Public Defender (SPD) could absorb the costs of the proposed legislation within existing resources. Oversight assumes any significant increase in the workload of the SPD would be reflected in future budget requests.

§301.032

According to officials from the **Department of Transportation (MoDOT)**, this section authorizes fleet vehicle owners to apply for fleet license plates bearing a company name or logo. These plates are already allowed under current law, but the proposal imposes a restriction so that a fleet owner must own at least 50 vehicles before applying for these special license plates. This change could potentially have a fiscal impact on MoDOT. Under current law, fleet vehicle owners are required to pay a one-time additional \$5 fee to receive these special license plates. It is unlikely that this \$5 fee covers the Department of Revenue costs to manufacture these special fleet vehicle plates. DHT would defer to Department of Revenue for the potential fiscal impact to MoDOT, if any, from this change in law.

ASSUMPTION (continued)

Officials from the Department of Revenue (DOR) - Motor Vehicle Bureau provided the following assumptions regarding fiscal impact to their agency:

Administrative Impact - Motor Vehicle Bureau (MVB)

§301.032

This section only allows a fleet owner with at least 50 motor vehicles to get fleet plates bearing the company name or logo. This process has not been fully realized and therefore no statistical impact is being shown for the change.

DOR assumes any cost incurred in other sections of this proposal will be absorbed with existing resources.

Information Technology - OA-ITSD (DOR)

DOR's response to a similar proposals in prior years would have indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the DOR motor vehicle legacy systems, changes cannot be made without significant impact to DOR resources and budget.

§301.573

This section would require DOR to carry forward any title designation issued by any other state for the vehicle unless the designation conflicts with a previous designation issued by the state of Missouri. Changes to the Missouri AAMVANET Interface (MAI) for National Motor Vehicle Title Information System (NMVTIS), Title & Registration Intranet Processing System (TRIPS), Brand File and Title programs are required.

Impact 3 - IT IV's 940 hours = 2,820 hours = **\$74,730**

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

ASSUMPTION (continued)

Revenue Impact

§301.218

DOR assumes scrap processors licenses will increase by 30 applicants annually. A salvage business license costs \$65 with an increase to the Motor Vehicle Commission Fund of \$1,625 in FY12 (10 months) and \$1,950 thereafter.

§643.315.4.(2)

According to officials from the **Department of Natural Resources (DNR)**, this section changes the current law by clarifying that the regulation does not apply to all dealers, but only those located within the St. Louis area regardless of where the vehicle will be registered and removes any ability for a dealer to sell a car without an inspection, but should have no affect on the agency. It places no new requirements on the program. It also is not a relaxation so would have no affect on the State Implementation Plan or any federal funding tied to it. Officials from DNR do not anticipate a direct fiscal impact from this proposal.

Officials from the **Boone County Sheriff's Department** assume no fiscal impact related to this proposal.

Officials from the **Springfield Police Department** state this proposal has no direct fiscal impact to law enforcement.

Officials from the Office of Attorney General did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
MOTOR VEHICLE COMMISSION FUND			
<u>Income</u> - DOR -Salvage business licence fees (§301.218)	<u>\$1,625</u>	<u>\$1,950</u>	<u>\$1,950</u>
ESTIMATED NET EFFECT ON MOTOR VEHICLE COMMISSION FUND	<u>\$1,625</u>	<u>\$1,950</u>	<u>\$1,950</u>

LMD:LR:OD (12/02)

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal may have some negative economic impact on used car dealers within the St. Louis area as they no longer have the option of allowing the vehicle owner to obtain an emissions test after the purchase of the vehicle. It may have a small positive impact on used car dealers outside of the St. Louis area as they will no longer be responsible for emissions inspections for vehicles purchased for use inside the regulated area.

FISCAL DESCRIPTION

This bill changes the laws regarding motor vehicle dealers. Among the provisions in the proposed legislation, the proposal:

- (1) Redefines a scrap processor;
- (2) Requires certain specified information to be included in an application for a drive-away license plate and specifies that anyone who violates the provision will have his or her plate revoked. Anyone who knowingly uses a revoked drive-away license plate will be guilty of a class A misdemeanor;
- (3) Specifies that any person who knowingly makes a false statement or omission of a material fact in a monthly sales report to the Department of Revenue will be guilty of a class A misdemeanor;
- (4) Requires a person to surrender a certificate of ownership, a license plate or tab, or a Missouri nondriver identification card or driver's license if a peace officer or a representative from the Department of Revenue has probable cause to believe that it was obtained fraudulently. Anyone failing to surrender the item will be guilty of a class A misdemeanor;
- (5) Requires the Department of Revenue director to have any agent or employee of the department or any law enforcement officer to secure possession of a person's license or distinctive number plates of any licensee who neglects or fails to surrender an item which has been suspended or revoked. Anyone not surrendering the item will be guilty of a class A misdemeanor;

FISCAL DESCRIPTION (continued)

(6) Specifies that any person, partnership, corporation, company, or association with certain exceptions who violates the provision prohibiting the sale of six or more vehicles in a year will be guilty of a class D felony for a subsequent violation;

(7) Requires a motor vehicle dealer to provide at the time of sale the buyer of a motor vehicle with proof that the motor vehicle has been inspected and approved of meeting the emissions standards, if required, within 120 days preceding the date of sale and will be considered timely for registration purposes.

This legislation is not federal mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

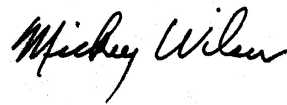
SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety
 Missouri State Highway Patrol
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Missouri State Public Defender
Office of State Courts Administrator
Office of Prosecution Services
Office of Administration
 Administrative Hearing Commission
Department of Natural Resources
Department of Transportation
Local Law Enforcement
 Boone County Sheriff's Department
 Springfield Police Department

NOT RESPONDING

Office of Attorney General

Mickey Wilson, CPA

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Director
March 22, 2011